

IN THE CHANCERY COURT OF LEWIS COUNTY
AT HOHENWALD, TENNESSEE

cc: Jeanne B.
Janet K.
Lina M.

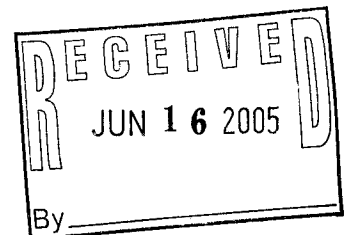
In Re: Sentinel Trust Company

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Case No. 4781

**MOTION FOR THE COURT TO ALTER OR AMEND OR OTHERWISE
RECONSIDER ITS ORDERS APPROVING DISTRIBUTION OF FUNDS
REALIZED**

Now comes Madison Health Partners, LLC, ("Madison") Beckley Health Partners, LLC, ("Beckley"), Athens Health Partners, LLC, ("Athens"), Barboursville Health Partners, LLC, ("Barboursville"), Jackson Health Partners, LLC, ("Jackson") and Gallia Health Partners, LLC, ("Gallia") (collectively, the "Borrowers") by and through Chancellor Health Partners, Inc. ("Chancellor"), the managing member of the Borrowers, and moves this court to alter or amend or otherwise reconsider (the "Motion") the following three orders, (hereinafter referred to collectively as the "Orders") all of which were signed on May 19, 2005 and docketed with the Clerk on May 23, 2005:

- (a) Order Approving Distribution of Funds Realized Upon Fort Pierce, Florida Bond Issue and Directing All Claims by Bondholders to Proof of Claim Process;
- (b) Order Approving Distribution of Funds Realized Upon Hernando County, Florida Bond Issue and Directing All Claims by Bondholders to Proof of Claim Process;
and,
- (c) Order Approving Distribution of Funds Realized Upon Tarrant County, Texas Bond Issue and Directing All Claims by Bondholders to Proof of Claim Process;



BACKGROUND

1. Sentinel Trust Company ("Sentinel") is a Tennessee corporation, located in Hohenwald, Lewis County, Tennessee, engaged in various fiduciary activities.
2. Sentinel served as the Trustee with respect to various Trust Indentures by and between Sentinel and Madison, Beckley, Athens, Barbourville, Jackson and Gallia.
3. In accordance with and pursuant to the terms of the Trust Indentures, certain trust funds and trust accounts were established to be held by Sentinel. Prior to May 18, 2004, the Borrowers had individually and collectively deposited in trust \$2,459,545.04 (the "Borrowers' Trust Funds") with Sentinel which have not been disbursed pursuant to the terms of the Trust Indentures.
4. On May 3, 2004, the Commissioner of the Tennessee Department of Financial Institutions ("Commissioner") issued an Emergency Cease and Desist Order ("Order") directing Sentinel to cease and desist from engaging in unsafe and unsound banking practices.¹ The Order found that Sentinel had used pooled fiduciary funds to provide operating capital for non-related defaulted bond issues, thereby creating a fiduciary cash shortfall that exceeded Sentinel's operating capital. The Order also found that Sentinel failed to reconcile its fiduciary cash and corporate cash accounts in a timely and accurate fashion and to keep accurate books and records. Importantly, the Order specifically ordered Sentinel to immediately cease and desist from:

¹ A copy of this Order was attached as Exhibit 1 to the Commissioner's Petition for Approval of Payments to Bondholders, filed May 27, 2004.

“ Engaging in the practice of using the pooled fiduciary funds to provide operating capital for non-related bond issues; . . . ”

The Order also required Sentinel to make an infusion of \$2,000,000 in capital by May 17, 2004 to partially replenish the fiduciary pooled demand deposit account and submit a capital plan outlining plans to completely replenish the fiduciary pooled demand deposit account.

5. When Sentinel failed to provide the Commissioner with additional capital or a capital plan as required by the Order, the Commissioner took emergency possession of Sentinel pursuant to Tenn. Code Ann. §§ 45-2-1502(b)(2) and (c)(1) and the same day, appointed Receivership Management, Inc. as the Receiver.

6. Since taking possession of Sentinel, the Commissioner, through his staff and the appointed Receiver, determined that Sentinel had a fiduciary cash shortfall in an amount ranging from \$7,612,218 to \$8,430,722 as of May 18, 2004.² Further, the Commissioner determined that Sentinel was insolvent in an amount of at least \$6,225,700.

7. As a result of these determinations, on June 18, 2004, the Commissioner issued a Notice of Liquidation of Sentinel in accordance with the provisions of Tenn. Code Ann. §§ 45-2-1502(c)(2) and 1504 and began liquidating assets in the Sentinel estate.

8. On February 17, 2005, the Receiver moved the Court to approve a final distribution of funds realized upon the sale of the collateral relating to several bond issues. Hearings on these matters were had on February 28, 2005 at which time the Court set the objections raised regarding the motions for an evidentiary hearing on June 9th,

² See Commissioner-in-Possession's Petition for Approval of Payments to Certain Bond Holders, together with the attached Affidavit of Wade McCullough.

2005. On March 14, 2005, the Receiver and the Commissioner-in-Possession filed a Motion to Alter or Amend or to Otherwise Reconsider the Court's February 28, 2005 ruling.

9. In an effort to procure the Borrowers and Chancellor's support, on March 23, 2005, the Receiver agreed that a pro rata share of any interest accrued and/or earned from defaulted bond issues which was attributable to funds advanced via withdrawals from the Pooled Fiduciary Account, would be returned to the Pooled Fiduciary Account. The agreement with the Receiver was subsequently confirmed in a conference call held on May 13, 2005 with other participants who each hold a financial stake in the Pooled Fiduciary Account, and/or their representatives.

10. The agreement with the Receiver was reached well in advance of the scheduled hearing on the Receiver's motions and prior to the entry of the Orders by the Court. Nonetheless, the Orders were silent with respect to the terms of the agreement and/or the allocation and return of accrued and/or earned interest by the Receiver back to the Pooled Fiduciary Account.

RELIEF REQUESTED

11. This Motion is being filed on a precautionary basis, pending the entry of an order clarifying the allocation of funds received by Sentinel on various defaulted bond issues.

12. On or about June 8, 2005, the Receiver filed a Motion for Approval of Transfer of Funds From Sentinel Trust Receivership to Pooled Fiduciary Account, (the "Receiver's Motion"). The Receiver's Motion seeks authority to transfer the aggregate amount of \$315,486.09, received from the Fort Pierce, Florida Bond Issue, the Hernando

County, Florida Bond Issue, and the Tarrant County, Texas Bond Issue. The Receiver's Motion is tentatively scheduled to be heard on Monday, June 20, 2005 at 9:00 a.m. As stated, this within Motion has been filed as a precaution to preserve the parties rights in and to proceeds received from the defaulted bond issues. In the event that an order is entered granting the Receiver's Motion, Movants will withdraw their Motion to alter or amend or otherwise reconsider.

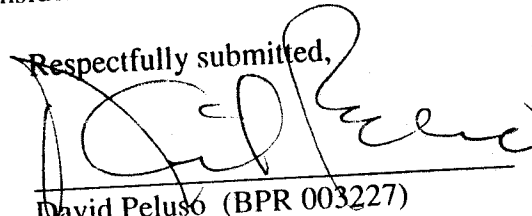
LEGAL AUTHORITY

13. Until an order becomes final, it remains within the Court's control and discretion to modify or amend. *Hoalcraft v. Smithson*, 19 S.W. 3d 822, 827 (Tenn. App. 1999). An order of the court should be reconsidered, modified or amended if to do so would avoid a clear error of law, or to prevent injustice. *See Bradley v. McLeod*, 984 S. W. 2d, 929, 933 (Tenn. App. 1998). And, while a motion to alter or amend an order of court is not to be employed simply to request re-litigation of matters already adjudicated, nevertheless, such a motion is designed to allow the trial court the ability to correct any errors as to the law or the facts of a case that may have arisen as a result of the court overlooking or failing to consider certain matters. *Chadwell v. Know County*, 980 S. W. 2d 378, 383 (Tenn. App. 1998); *see also Waste Management Inc. of Tennessee v. South Central Bell Telephone Company*, 15 S.W. 3d 425, 429 (Tenn. App. 1997).

CONCLUSION

For the foregoing reasons, in the event that the Court does not enter an order granting the Receiver's Motion, Borrowers and Chancellor respectfully request this Court grant their Motion to alter or amend or otherwise reconsider..

Respectfully submitted,



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CERTIFICATE OF SERVICE

I hereby certify that a true and exact copy of the foregoing document has been forwarded by first-class mail, postage prepaid or by facsimile transmission to the following on this 15th day of June, 2005:

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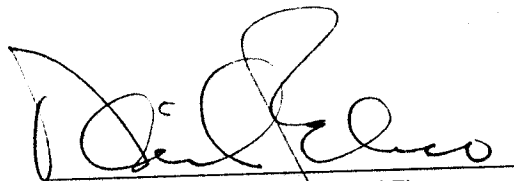
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